FY2004 Budget Hearing
D.C. Office of Personnel

The Committee on Government Operations
Vincent Orange, Chair
Council of the District of Columbia

Testimony of Judy D. Banks, Interim Director
D.C. Office of Personnel
April 7, 2003

Good afternoon Chairman Orange and members of the Committee on Government Operations. My name is Judy Banks, and I am the Interim Director of the D.C. Office of Personnel. I am pleased to have this opportunity to testify before you today on the Office of Personnel's Fiscal Year 2004 budget request. With me is Bob Jose, our agency CFO, and Evelyn Turner, Associate Director, Shared Services Division, as well as members of my executive management team.

The Office of Personnel is responsible for and provides a broad range of human to more than 15,000 employees in agencies under the authority of the Mayor, and we administer benefits services (health and life insurance programs) to an additional 17,000 employees in independent and quasi-independent agencies, such as the University of the District of Columbia and the DC Public Schools.

Building a strong human resources infrastructure remains our top priority in order for DCOP to provide effective services for all of our customers throughout the government and to support the Mayor and the Council's commitment to a strong and productive workforce. Accordingly, the **DC Office of Personnel's** operating budget request for FY04 is $11,473,298 and 141 FTEs. This amount reflects the FY03 budget reduction of more than $1.5 million taken in October 2002, and a decrease of 16 FTEs from the approved FY 2003 FTE request. This is a 10.3% reduction.

At the beginning of fiscal year 2003, DCOP made substantial reductions to assist the District in closing its unanticipated budget shortfall of $323 million. At that time, all budget enhancement packages were removed District-wide, including more than $800,000 in DCOP for the funding of a Police and Fire Pay Study and the creation of a Personnel Review Unit. The agency also reduced out-of-town travel, fixed costs and contractual services.

In the proposed FY04 budget, DCOP requested six enhancements, totaling $1.84 million. These included maintaining the data for the new HR information system; recruiting and staffing; domicile, residency and residency preference verifications and background checks; classification and compensation reform; consolidating retirement plan services; and risk management.

As the City Administrator indicated in his testimony this morning, of these six, maintaining staffing and recruiting within our Management Services Division and maintaining the HR database as part of the Employee Service Center remain top priorities. The administration has

approved these requests, which total $522,000 and 11 FTEs. To help meet our staffing and recruiting goals, one enhancement will provide $321,000 to fund four additional FTEs. This will allow DCOP to continue targeted recruitment efforts for executives, hard-to-fill positions, and federal and grant-funded positions.

The second enhancement will allow the agency to begin implementing the Employee Service Center data management function through the enhancement of $201,000 and seven FTEs. The ESC will reduce personnel processing time while continuing to eliminate paper. The ESC will perform the following functions: consolidated benefits administration, data entry of personnel actions, entrance and exit counseling, records management, and transaction processing center. Yes, with decreasing resources we have no choice but to change the way we conduct business for our customers and change the way we manage our business processes.

The budget request for the Office of Personnel will support the following agency priorities. The first is improving employee benefits programs. In FY 2004 we expect to implement a 100% employee-funded Long-Term Care Insurance program.

The second priority centers around strengthening our performance management program. Rewarding outstanding performance has become more difficult in the current environment because, as you know, monetary incentive awards have been frozen since September 2002. However, we are currently developing a program of non-monetary awards to recognize stellar employee performance during times of fiscal uncertainty. The District's two performance systems – the Performance Management Program (PMP) and the Performance Evaluation System – allow DCOP to monitor accountability and performance and report on compliance by the agencies - to the Office of the City Administrator. This year, more than 99% of the 1,600 eligible employees on PMP already have performance plans in place, and we will provide additional instructions on the Performance Evaluation System and an improved system for tracking the 10,000 evaluations.

Third, the Office of Personnel continues to convene biweekly meetings of the Compensation and Classification Task Force, made up of representatives from across the government and union leadership of Compensation Units 1 and 2. The Task Force is charged with creating a blueprint to strengthen the market competitiveness of the District's compensation system, update classification specifications to reflect current positions and skills sets, improve administrative efficiency, and increase employee and management understanding about classification and compensation systems through training and communication. In FY04, modernizing compensation and classification systems will be curtailed as funding for compensation and classification expertise has been drastically cut back.

Fourth, the human resources component of the citywide Administrative Services Modernization Program (ASMP) is underway, and we expect to implement the HRIS in October 2004. We have selected the Oracle HRMS software and a reputable systems integrator. The ASMP aims to integrate personnel systems with all of the internal operating systems of the city, such as contracting and procurement, financial reporting, and payroll. This new core human resources database will modernize our hiring and placement processes and improve how we manage information about employees. While ASMP is funded primarily through capital funds in

OCTO's budget, the Office of Personnel requires local funds to support implementation and maintenance of the system. The Employee Services Center request of $201,000 and 7 FTEs, which I mentioned previously, will allow us to operate and maintain the HRIS system.

The Office of Personnel is also responsible for government-wide employee training and human resource development activities. Funded by the **Human Resource Development Fund**, this activity is administered through the Office of Personnel's Center for Workforce Development (CWD). The FY04 proposed budget is for $3,419,863 and 11 FTEs. This represents a decrease of $133,353 from the proposed FY2003 budget. Although this amount seems small, it is coupled with a substantial (nearly fourfold) increase in budgeted fixed costs due to CWD's relocation from the campus of the University of the District of Columbia to One Judiciary Square at the start of FY 2003. These higher fixed costs will be absorbed by CWD's budget; however, the absorption reduces funding available for training and development. To date, the Center has trained 2,714 employees in FY03. Our budget request for FY04 will continue to support our core training programs, but due to budget reductions, fewer classes will be offered and some courses may be eliminated or delayed until the next fiscal year. We may have to make adjustments to our performance goal of training 7,359 employees, but we are tracking trends and will apprise you if a revision is made.

CWD offers several advanced computer courses designed for LAN administrators, systems engineers, Webmasters, and other IT employees on a fee-for-service basis. . Unfortunately, many agencies have informed us that budget constraints will prevent them from covering the costs of this training. Therefore, the remainder of the course offerings in this series will be scaled back significantly.

CWD also provides management training courses for aspiring leaders and middle managers. We had planned to provide another tier of training in FY03 – the Senior Executive Development Program (SED) – but implementation of this series of six courses for agency directors and deputies must be postponed. CWD will continue to provide MSS training to support the professional development of our mid-level employees in the FY04 budget. Two mandatory MSS courses are being offered in FY03: Writing for the Professional, and, Performance-Based Budgeting. Already, more than 533 MSS employees have completed their FY2003 training. Additionally, due to budget reductions, the Certified Public Manager program has reduced its cohorts from 3 to 2 for the remainder of FY 2003 and for all of FY 2004.

I'd like to share with the committee that because this agency is deeply committed to enhancing the skills sets of District employees, CWD began enforcing a charge-back provision of the tardiness and attendance policy to agencies that registered employees for training and the employees failed to attend. It should be emphasized that the purpose of the charge-backs is not to generate revenue for DCOP, but to serve as a disincentive to those agencies that do not enforce attendance, thereby wasting valuable resources and taxpayer dollars that could be used to train others. Funds collected are recycled back into program delivery to agencies, such as on-site delivery of classes for employees with work schedules that make it difficult to attend regular classes, curriculum customization for agencies with special needs, or to provide accommodations that allow employees with handicaps to participate in our classes. The policy is working. Thus far in FY 2003 we have reduced no-shows by nearly 90 percent.

In conclusion, the Office of Personnel faces numerous challenges in FY04; however, we will continue to strive to meet all planned activities within the allocated resources and timelines through a combined budget of $16,696,451 for the Office of Personnel and the Center for Workforce Development. We will also continue to enhance the information available to employees and citizens through our Internet site at www.dcop.dc.gov .

Thank you for the opportunity to testify before the committee. Mr. Jose, Ms. Turner, the management team, and I will be glad to respond to questions you have at this time.